

108TH CONGRESS  
1ST SESSION

# S. 1849

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 11, 2003

Mr. SCHUMER introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Homeownership Op-  
5       portunities for Uniformed Services and Educators Act”.

1 **SEC. 2. REDUCED DOWNPAYMENT REQUIREMENTS FOR**  
2 **LOANS FOR TEACHERS AND PUBLIC SAFETY**  
3 **OFFICERS.**

4 (a) IN GENERAL.—Section 203(b) of the National  
5 Housing Act (12 U.S.C. 1709(b)) is amended by adding  
6 at the end the following:

7 “(10) REDUCED DOWNPAYMENT REQUIRE-  
8 MENTS FOR TEACHERS AND PUBLIC SAFETY OFFI-  
9 CERS.—

10 “(A) IN GENERAL.—Notwithstanding para-  
11 graph (2), in the case of a mortgage described  
12 in subparagraph (B)—

13 “(i) the mortgage shall involve a prin-  
14 cipal obligation in an amount that does not  
15 exceed the sum of 99 percent of the ap-  
16 praised value of the property and the total  
17 amount of initial service charges, ap-  
18 praisal, inspection, and other fees (as the  
19 Secretary shall approve) paid in connection  
20 with the mortgage;

21 “(ii) no other provision of this sub-  
22 section limiting the principal obligation of  
23 the mortgage based upon a percentage of  
24 the appraised value of the property subject  
25 to the mortgage shall apply; and

1 “(iii) the matter in paragraph (9) that  
 2 precedes the first proviso shall not apply  
 3 and the mortgage shall be executed by a  
 4 mortgagor who shall have paid on account  
 5 of the property at least 1 percent of the  
 6 cost of acquisition (as determined by the  
 7 Secretary) in cash or its equivalent.

8 “(B) MORTGAGES COVERED.—A mortgage  
 9 described in this subparagraph is a mortgage—

10 “(i) under which the mortgagor is an  
 11 individual who—

12 “(I) is employed on a part- or  
 13 full-time basis as—

14 “(aa) a teacher or adminis-  
 15 trator in a public or private  
 16 school that provides elementary  
 17 or secondary education, as deter-  
 18 mined under State law, except  
 19 that elementary education shall  
 20 include pre-Kindergarten edu-  
 21 cation, and except that secondary  
 22 education shall not include any  
 23 education beyond grade 12; or

24 “(bb) a public safety officer  
 25 (as such term is defined in sec-

1                   tion 1204 of the Omnibus Crime  
2                   Control and Safe Streets Act of  
3                   1968 (42 U.S.C. 3796b), except  
4                   that such term shall not include  
5                   any officer serving a public agen-  
6                   cy of the Federal Government);  
7                   and

8                   “(II) has not, during the 12-  
9                   month period ending upon the insur-  
10                  ance of the mortgage, had any present  
11                  ownership interest in a principal resi-  
12                  dence located in the jurisdiction de-  
13                  scribed in clause (ii); and

14                  “(ii) made for a property that is lo-  
15                  cated within the jurisdiction of—

16                  “(I) in the case of a mortgage of  
17                  a mortgagor described in clause  
18                  (i)(I)(aa), the local educational agency  
19                  (as such term is defined in section  
20                  14101 of the Elementary and Sec-  
21                  ondary Education Act of 1965 (20  
22                  U.S.C. 8801)) for the school in which  
23                  the mortgagor is employed (or, in the  
24                  case of a mortgagor employed in a  
25                  private school, the local educational

1                   agency having jurisdiction for the area  
 2                   in which the private school is located);  
 3                   or

4                   “(II) in the case of a mortgage of  
 5                   a mortgagor described in clause  
 6                   (i)(I)(bb), the jurisdiction served by  
 7                   the public law enforcement agency,  
 8                   firefighting agency, or rescue or am-  
 9                   bulance agency that employs the  
 10                  mortgagor.”.

11           (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
 12 MIUM.—Section 203(c) of the National Housing Act (12  
 13 U.S.C. 1709(c)) is amended—

14           (1) in paragraph (2), in the matter preceding  
 15           subparagraph (A), by striking “Notwithstanding”  
 16           and inserting “Except as provided in paragraph (3)  
 17           and notwithstanding”; and

18           (2) by adding at the end the following:

19           “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-  
 20 MIUM.—In the case of any mortgage described in sub-  
 21 section (b)(10)(B)—

22           “(A) paragraph (2)(A) of this subsection (relat-  
 23           ing to collection of up-front premium payments)  
 24           shall not apply; and

1           “(B) if, at any time during the 5-year period  
2           beginning on the date of the insurance of the mort-  
3           gage, the mortgagor ceases to be employed as de-  
4           scribed in subsection (b)(11)(B)(i)(I) or pays the  
5           principal obligation of the mortgage in full, the Sec-  
6           retary shall, at such time, collect a single premium  
7           payment in an amount equal to the amount of the  
8           single premium payment that, but for this para-  
9           graph, would have been required under paragraph  
10          (2)(A) of this subsection with respect to the mort-  
11          gage, as reduced by 20 percent of such amount for  
12          each successive 12-month period completed during  
13          such 5-year period before such cessation or prepay-  
14          ment occurs.”.

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